

Issue: Religious Ownership/Use

Is the Applicant a religious organization? Did the Applicant own this parcel and the building thereon, during the period January 1, 1994, through March 31, 1994? Was the Applicant in the process of adapting the building on this parcel for exempt use during the period January 1, 1994, through March 31, 1994? Did the Applicant use the parking area on this parcel for parking during that period? Following the submission of all the evidence and a review of the record, it is determined that the Applicant is a religious organization. It is also determined that the Applicant owned the parcel here in issue during the period January 1, 1994, through March 31,

1994. It is further determined that the Applicant was in the process of adapting the building on this parcel for exempt use during the period January 1, 1994, through March 31, 1994. Finally, it is determined that the Applicant used the parking area on this parcel for parking during that period.

FINDINGS OF FACT: The position of the Illinois Department of Revenue (hereinafter referred to as the "Department") in this matter, namely that the parcel here in issue and the building thereon, did not qualify for exemption during the period January 1, 1994, through March 31, 1994, was established by the admission in evidence of Department's Exhibits 1 through 6B.

Ms. Lucy McCrea, the chairman of the board of trustees of the Applicant, was present and testified on behalf of the Applicant.

On June 20, 1994, the Peoria County Board of Review transmitted an Application for Property Tax Exemption To Board of Review, concerning the parcel here in issue for the 1994 assessment year, to the Department (Dept. Ex. No. 2). On March 9, 1995, the Department notified the Applicant that it was approving the exemption of the parcel here in issue for 76% of the 1994 assessment year (Dept. Ex. No. 3). On March 23, 1995, the Applicant's attorney requested a formal hearing in this matter (Dept. Ex. No. 4). The hearing held on May 26, 1995, was held pursuant to that request.

The Applicant was incorporated pursuant to the Religious Corporation Act, 805 ILCS 110/0.01 et seq. (1992 State Bar Edition) on January 11, 1912. During 1994, the Applicant had approximately 240 members and an average weekly attendance at Sunday morning worship services of approximately 120.

The Applicant acquired the parcel here in issue by a warranty deed dated October 28, 1993. This parcel is adjacent to the parcel where the Applicant's church building is located. The parcel here in issue is

improved with a one-story building, which had formerly been a gas station, and later, a flower shop. On or about November 14, 1993, the Applicant began to use the 14 parking spaces on this parcel for parking by persons going to church meetings, or services. On Sunday mornings, by parking one behind the other, about 20 cars are squeezed into the parking area on this parcel. On December 9, 1993, the Peoria zoning authorities authorized a variance so that the Applicant could place a sign on the parcel here in issue. During December 1993, and January 1994, a committee, appointed by the board of trustees of the Applicant, considered uses for the building on this parcel. The committee, during that period, also obtained plans for the remodeling, and cost estimates for the work. On January 24, 1994, this committee presented its drawings, plans, and cost estimates to the board of trustees, concerning using this building for ministerial and secretarial offices, work space, and meeting rooms for the church. On February 4, 1994, these plans were presented to the congregation, which approved them. Remodeling in the building on this parcel began on March 15, 1994, and the final payment to the contractor was made on September 16, 1994.

1. Based on the foregoing, I find that the Applicant is a religious organization which owned the parcel here in issue and the building thereon, during the entire 1994 assessment year.

2. I also find that the building on this parcel was either in the process of adaptation for exempt use or actually used for church or religious purposes, during the entire 1994 assessment year.

3. Finally, I find that this parcel, other than the building, was used for parking by persons attending the Applicant's worship services, or other activities, during the entire 1994 assessment year.

CONCLUSIONS OF LAW: Article IX, Section 6, of the Illinois Constitution of 1970, provides in part as follows:

"The General Assembly by law may exempt from taxation only the property of the State, units of local government and school

districts and property used exclusively for agricultural and horticultural societies, and for school, religious, cemetery and charitable purposes."

35 ILCS 200/15-40 exempts certain property from taxation in part as follows:

"All property used exclusively for religious purposes, or used exclusively for school and religious purposes...and not leased or otherwise used with a view to profit, is exempt,...."

35 ILCS 200/15-125 exempts certain property from taxation in part as follows:

"Parking areas, not leased or used for profit, when used as a part of a use for which an exemption is provided by this Code and owned by any...religious...institution which meets the qualifications for exemption, are exempt."

Illinois Courts have held property to be exempt from tax where it has been adequately demonstrated that the property is in the actual process of development and adaptation for exempt use. Illinois Institute of Technology v. Skinner, 49 Ill.2d 59 (1971); People ex rel. Pearsall v. Catholic Bishop of Chicago, 311 Ill. 11 (1924); In re Application of County Collector, 48 Ill.App.3d 572 (1st Dist. 1977); and Weslin Properties, Inc. v. Department of Revenue, 157 Ill.App.3d 580 (2nd Dist. 1987).

In view of the foregoing, I conclude that the Applicant is a religious organization which owned the parcel here in issue and the building thereon, during the entire 1994 assessment year. I further conclude that the building on this parcel was either in the process of adaptation for exempt use, or actually used for church or religious purposes, during the 1994 assessment year. Finally, I conclude that this parcel, other than the building, was used for parking by persons attending the Applicant's worship services, or other activities during the entire 1994 assessment year.

I therefore recommend that Peoria County parcel No. 18-04-380-008 be exempt from real estate tax for the 1994 assessment year.

Respectfully Submitted,

George H. Nafziger  
Administrative Law Judge